



NEWS

Contact: Laurie Cramer (lcramer@ngsa.org)

Phone: (202) 326-9316

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NGSA Tells Consumer Representatives

“Natural gas supply may remain tight in 2001.”

Washington, D.C...Skip Horvath, President of the Natural Gas Supply Association (NGSA), today told an audience of consumer representatives that, “although producers are drilling all out and production numbers are beginning to reflect our work, forecasters are predicting continued higher prices.”

Horvath spoke on a panel entitled, “Rising Energy Prices Clobber the Poor: What Should be Done?” at Consumer Federation of America’s *Consumer Assembly 2001*, held at the Washington Plaza Hotel.

“Producers are part of the solution,” Horvath said, “as our experience this winter shows, we are stepping up to the plate and doing everything we can to increase supply in order to keep the market balanced. The Energy Information Administration’s latest forecasts [<http://www.eia.doe.gov>], however, are predicting that natural gas prices will not return to 1999 levels from now through next winter. This is due in part because although early government reports show production up, a tight supply market is likely to continue.

“We are experiencing the treadmill effect – we’re drilling at higher rates just to get the same amount of gas out of the ground. So although the number of rigs that are producing natural gas are up more than 45 percent and exploration and production investment is projected to be up 19 percent from last year, we are experiencing production challenges.

“One solution is access to new resources. Natural gas is a domestically produced product – we are almost completely self-reliant in this department – but the United States is the only major consuming nation that significantly prevents access to its own energy sources. Rather than excluding resource rich lands, the focus should be on using advanced proven technology and operating practices to increase supplies in an environmentally responsible manner.

“But consumers are sometimes concerned about the environmental impact of tapping into some of our domestic resources. Our industry has come a long way with technologies that sound like something out of an episode of Star Trek – 3-D and 4-D Seismic, cluster and modular drilling – terms that simply mean that we could set up drill on Pennsylvania Avenue and extract hydrocarbons from beneath most of Washington, D.C. and into the suburbs. We do not have to rely on overseas operations for natural gas, but producers do have to rely on the American public to press Congress and the Administration to allow us to explore for and produce natural gas from new sources of land that are currently off limits to us.

“It is important to remember that even with increased supply there are many factors that will go into 2001 natural gas prices: demand, a mild summer or cold winter, and the number of electric generators coming online. No one knows or controls the price of natural gas. Congress created the natural gas market as a highly competitive and transparent deregulated market. Based on trading the natural gas commodity among thousands of market participants, the forces of competition work. In cumulative dollars, consumers have saved some \$600 billion since the natural gas market began to be deregulated in 1985.”

Horvath concluded, “Producers are part of the solution to re-balancing our energy market, but consumers also have a role to play. Responsible use of our energy resources – being aware of their thermostat and weatherizing their homes – is one step. But making their voices heard to policy makers that they want to continue to be a self-sufficient nation by allowing producers to access currently off-limits federal lands to drill for natural gas, is another responsible approach to managing our energy resources.”

NGSA represents integrated and independent companies that produce and market the majority of the natural gas produced in the United States. NGSA is actively involved in pursuing regulatory and legislative issues that affect the association's members. Established in 1965, NGSA encourages expanded use of natural gas and supports regulatory and legislative actions that foster competitive markets.